

TOWARDS A THEORY OF RETAIL EVOLUTION:  
AN AUSTRALIAN HISTORY OF RETAILING  
IN THE EARLY TWENTIETH CENTURY

By

**Ellen McArthur, B.A., M.B.A.**

Thesis submitted for the

Degree of Doctor of Philosophy  
in the School of Marketing,

University of Technology Sydney,

2005

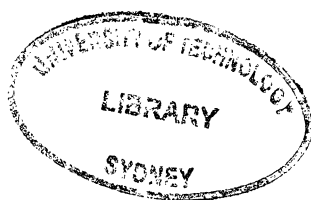
## CERTIFICATE

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of the requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signature of Candidate

Ellen McAtthur



## ***Acknowledgements***

I would like to thank a number of people for their assistance in preparing this thesis. Particular thanks go to my supervisor, Professor Louise Young, for her tireless guidance and constructive criticism, and to my co-supervisor, Professor Ian Wilkinson.

I would also like to thank forecaster Phil Ruthven, founder of business consultancy IBISWorld, for his contributions of historical and other data as acknowledged in this thesis.

Thanks are also due to the Australian Retailers' Association, New South Wales, for providing access to the historic records of their predecessor, The Master Retailers' Association, which is the subject of the case study in this thesis. The ARA also provided the use of a workspace in its office, as well as photocopying facilities, for the duration of the process of archival data collection.

Finally, I would like to thank Susan Coppinger, Deborah Light, Rod Quantock, Penelope Ralph, Pat Skinner, and Patrick Tooth for their proofreading and computing help, and their generous moral encouragement which helped bring this study to fruition.

# Contents

Abstract .....	1
Introduction.....	3
1 Literature on Retailing and Retailing Change .....	7
1.1 Range of Retailing Literature.....	12
1.2 Change as a Function of Economic Efficiencies .....	17
1.3 Patterns Operating in Nature .....	19
1.4 Power Inequities.....	22
1.5 Innovative Behaviour .....	26
1.6 Environmental Influences .....	28
1.7 Interdependent Parts of the System in Co-evolution .....	30
1.8 Conclusions .....	33
2 Systems Ontology .....	38
2.1 Constructing the Systems Model for this Study .....	38
2.2 Components of the System of Distribution .....	40
3 The Retail System .....	44
3.1 Nineteenth Century Shopping .....	45
3.2 The Environment.....	49
3.2.1 Physical Components of the Environment .....	50
3.2.2 Cultural Components of the Environment .....	57
3.3 The Retail Store 1900–1930 (Subsystem).....	67
3.3.1 Department Stores .....	68
3.3.2 The Physical Environment of Shopping.....	70
3.3.3 Retailer Relationships with Shoppers.....	75
3.3.4 The Management Operations of Department Stores.....	80
3.3.5 Staff Relationships in Department Stores.....	85
3.3.6 The End of the “Golden Age” of Department Stores .....	93
3.3.7 Chain Stores .....	96
3.4 The Retail Industry (System) .....	102
3.4.1 Relationships among Retailers .....	102
3.4.2 The Master Retailers’ Association.....	115
3.4.3 Union Movement .....	118
3.4.4 Relationships with the Public.....	121
3.5 The Distribution Industry (Suprasystem) .....	124
3.5.1 Non-store Retailing.....	124
3.5.2 Manufacturers.....	127
3.5.3 Wholesalers .....	134
3.5.4 Governments.....	137
3.6 Conclusions .....	141
4 Case Study Methodology .....	144
4.1 Introduction.....	144
4.2 Statement of the Problem to Be Investigated.....	144
4.3 Case Study Method.....	144
4.4 Survey of Available Archives .....	144
4.5 Selection of Archives for Further Study .....	147
4.6 Nature of the Records for This Study.....	150
4.7 Research Design .....	154

4.8	Data Collection .....	156
4.9	Process of Analysis.....	156
<b>5</b>	<b>The Master Retailers' Association .....</b>	<b>163</b>
5.1	MRA Department Store Members .....	164
5.1.1	Formation of the MRA .....	164
5.1.2	Social Networks and the MRA .....	166
5.1.3	Power Structure of the Association.....	169
5.2	The Role of the Association .....	170
5.2.1	The Use and Influence of Rhetoric .....	171
5.3	Lobbying Governments .....	177
5.3.1	The Abolition of Common Rule.....	184
5.4	Lobbying Manufacturers .....	193
5.5	Lobbying Newspapers .....	199
5.6	The Educational Role of the Association.....	201
5.6.1	Scientific Management Principles .....	201
5.6.2	Window Dressing and Other Sales Promotion.....	205
5.6.3	Advertising.....	206
5.6.4	Selling and Sales Assistants.....	209
5.6.5	Formal Retail Training.....	211
5.6.6	Public Relations.....	212
5.7	Mediating.....	214
5.7.1	Trading Hours.....	215
5.7.2	Deception in Promotion.....	217
5.7.3	Inter-industry Divisions .....	218
5.8	Conclusions .....	222
<b>6</b>	<b>Some Influences on Evolution in Retailing .....</b>	<b>229</b>
6.1	Novelty .....	230
6.1.1	The Nature of Novelty and Change in Retailing.....	231
6.1.2	Novelty in Retail Services and Events.....	234
6.1.3	Novelty as Continuous Incremental Change .....	238
6.1.4	Novelty as Product Variety: The Case of Women's Fashion .....	239
6.1.5	Novelty as an Interaction of Place, Service and Product.....	242
6.2	Competition.....	243
6.2.1	Store Size .....	243
6.2.2	Imitation and Modernisation.....	244
6.2.3	Responses to Competitive Pressure .....	247
6.3	Physical and Cultural Environment .....	248
6.3.1	Australian Geography .....	249
6.3.2	Social and Cultural Norms .....	251
6.3.3	Economic Forces .....	253
6.4	Summary and Discussion .....	257
<b>7</b>	<b>Contributions to Knowledge .....</b>	<b>264</b>
7.1	Theoretical Contributions .....	264
7.2	Methodological Contributions .....	265
7.3	Limitations of the Research.....	267
7.4	Future Research .....	268
	<b>Appendices.....</b>	<b>273</b>
	Potted Biographies of Australian Retail Stores .....	273
	Historical Expressions .....	278
	Key Terms for Data Collection .....	279
	Terminology .....	281
	Parcels Post .....	282
	Sources of Goods Sold by <i>David Jones</i> : 1908–1926.....	285

Mean Population of Australia 1901–1930 .....	287
Bibliography .....	288

## ***List of Tables***

Table 1: Key Areas of Changes in Retailing in the 20 <sup>th</sup> Century	11
Table 2: Summary of Primary “Causes” & Assumptions about Change in the Literature on Retailing	16
Table 3: Retail Price Index Numbers - Australia 1901-1945	55
Table 4: Composition of Australian Retail Industry 1880-2020	103
Table 5: Number of Motor Vehicles in NSW 1911-1931	109
Table 6: Shortlisted Archives for Potential Study	148
Table 7: Main Primary Source Documents used in this Study	150
Table 8: Executives of the Association 1903-1930	166
Table 9: Summary of Selected Historical Events in which the Retail Trade Employers’ Association was Involved, 1903-1930	224

## ***List of Figures & Illustrations***

Figure 1: Nested Systems Hierarchy	39
Figure 2: Systems Model for This Study	42
Figure 3: Locations of Sydney Department Stores in the interwar years.	53
Figure 4: The Hermeneutic Process	159
Figure 5: Influences on Evolution in Retailing	260

## Abstract

This thesis explores retailing evolution in Western countries during the late nineteenth and early twentieth centuries. A systems theory approach is used to examine retailing at three levels: individual stores, the industry or “population” of stores, and as a part of the larger distribution industry. The interactions of retailers with manufacturers, wholesalers, consumers, trade unions, governments, and others in the system are examined. This affords a view of retailing from the outside, but also from the inside, and the retailers’ point of view. This dual focus exposes change as a process of co-evolution, with retailing firmly embedded, and interdependent, within its environment.

A case study is presented from the archives of the Australian retail industry’s main trade Association for the period 1903-1930, the heyday of department stores in this country. This provides an original history from the primary source documents produced by the men who ran the Association, and Sydney’s largest department stores. The longitudinal coverage of the case affords a view of change as an accumulative process, and confirms the largely untested hypothesis that retail institutions are a significant influence on the course of retailing evolution.

The findings of the research suggest that there are multiple causal mechanisms in the evolution of retailing. The impact of innovators, competition and conflict, and the constraints of the environment were found to have direct and indirect influences on the course of retailing development, and these influences have been identified in extant literature. In addition to extant explanations, this research suggests that consumers’ “innate desire for novelty”, or more broadly a human need for variety, appeared to be a driver of evolution in retailing in the period under study.

Overall, the research presented in this study demonstrates that retailing evolution cannot be properly understood outside the systems of which it is a part. The study shows that, while the retailing system was subject to forces outside its control, it could also exert influence on the system. Furthermore, that the population of retailing institutions, as represented by the industry trade Association, was an important factor in shaping the course of retailing evolution in Australia.